Challenges before Nationalised Banks

2616. MISS MABEL REBELLO: Will the Minister of FINANCE be pleased to state:

(a) what are the challenges that the nationalised banks are facing;

(b) whether these challenges are due to high cost of doing business, high transaction cost, high level of non-performing assets and low consumer satisfaction; and

(c) whether it is a fact that Government contributed Rs. 20,400 crore to recapitalise the national banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Nationalised banks are facing several challenges which, *inter-alia*, include high cost of doing business, high level of Non-Performing Assets (NPAs) and the relatively low level of customer satisfaction. Besides, there are some new external challenges *i.e.*, the Indian Banks can no longer be insulated from international developments and international capital movements.

(c) The Central Government has provided re-capitalisation assistance to the nationalised banks aggregating Rs. 20446.12 crores, during 1992-93 to 1998-99.

Flaws in Laws relating to foreign investment

2617. SHRI V.P. DURAISAMY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there are flaws in the law on foreign institutional investment in India;

(b) if so, the details thereof;

(c) how many MNCs have invested in India, particularly, in the print media taking advantage of loopholes in the law; and

(d) what action Government will take to plug loopholes in the law?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Investments by Foreign Institutional Investors (FIIs) in India are governed by the Securities and Exchange Board of India (FII) Regulations 1995 and the Regulations/Notifications issued by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act, 1999, which basically determines the modalities of FII investments.

(c) and (d) Investments through the portfolio route by Foreign Corporates and High Networth individuals also fall under the purview of FII Investments. In terms of the RBI Notification issued on 16-02-2001, FIIs/NRIs/OCBs and Foreign Venture Capital Investors have been restrained from purchasing shares or Convertible Debentures of any Indian Company engaged in the Print Media sector.

Shortage of Coins

2618. SHRI SANJAY NIRUPAM: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that despite incurring expenditure of Rs. 59 crore on modernisation of Government of India Mint, Kolkata, there has not been any improvement in the availability of coins in the country;

(b) if so, what are the reasons therefor; and

(c) what steps Government propose to take to meet coin shortage in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No, Sir. As a result of modernisation, the production of coins and coin blanks in the Kolkata Mint has increased steadily as evident from the production figures given below:—

(*In million pieces*)

Year	Production of banks	Production of coins
1997-98	152.3600	434.1800
1998-99	255.9600	525.1100
1999-2000	356.5200	660.0900

(b) Question does not arise.

(c) As a long term measure, it was planned to modernise the Mints at Kolkata, Hyderabad and Mumbai which is nearing completion. It has also been decided to put NOIDA Mint on two shift working. As a short measure coins are being imported to bridge the gap between the indent of coins from RBI and supply of coins by Mints.